



Stanford eCorner

The Thriving Green Economy

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Jesse Fink, co-founder of MissionPoint Capital Partners, and serial entrepreneur Steve Blank, pinpoint how green investing is ripe with opportunity and ready to jumpstart the economy. Investors in Silicon Valley and elsewhere are increasingly drawn to the ROI - and not just altruism - and they're taking notice of increased capital volume, career opportunities, and entrepreneurs who are lured by the green sector's genuine returns.



Transcript

The question is early investors in this sector may not have been as returned focus as they were trying to move things along from a mission perspective per se. Has that changed? You're absolutely right. If you look at just the volume of capital that is going into the market and you look at the companies that were funded 15 years ago or 10 years ago and their investors, it was not mainstream investors. What has happened is that people have recognized that these are great investments, and it doesn't matter if you believe in climate change, if you believe in a low-carbon economy, you could sit there and pencil it out and say, "This is a great investment. This is a great company and I'm going to get a return." I think that is the best thing that can happen because it then opens up a whole set of investors that don't have to feel a certain need or conviction. They're doing it from a return perspective. That's important because that is just getting more and more capital in the markets. As more capital comes in the market, then more entrepreneurs like you say, "If I'm going to go invent something and I'm going to go create and we'll go and start a company, why not start it in this sector?" It's as attractive and could be as financial rewarding as the next web product, but there's something else that's going on here too. So I think it's an exciting time for that to happen. I also think that what has changed recently is the recognition that we can fuel the economy.

You could hear it with different politicians in the last week talking about the green economy and five million green jobs. So instead of feeling like there is this trade-off in clean energy that you're going to have to give up something, I think there's a real sense of optimism now that it is the next new economy. That there are a lot of jobs that can be created. There's a lot of careers that can happen. There's a lot of wealth that can be created for the entrepreneurs and for the investors. I think, for the first time, there are a lot of people who believe that the jobs that are created are going to be created right in the community. There is a gentleman, Van Jones, who is out of Oakland that is talking a lot about green jobs, green job core. You should check him out. What is neat about what is happening now is if you're going to put solar panels up, you can't outsource the installation. So there's a huge opportunity right now for jobs to be happening in the community, for jobs to be in Oakland, in areas where there really aren't many other opportunities.

You could see it. You could see what's happening in the energy bill. There was a fair amount of money that was put into creating jobs. It is the fueling of a new economy, and I think the fact that there's a new service community that needs to be built out for the installation of clean energy, for the servicing of clean energy, I hope that it's an opportunity to kick start the economy. Large-scale automobile manufacturing, I can't tell you whether it's coming back or not, but I will tell you that putting solar panels on, it's happening. The amount of people who are getting new jobs that are created from the green economy is large and it's growing. So that's a real optimism that's happening out there. Let me throw my two cents in that one just quickly.

Any time a web 2.0 VC feels a need to have a clean energy investment portfolio, you realize that this has become mainstream in Silicon Valley and Sand Hill Road. You're embarrassed nowadays if you're a venture capitalist, at least a full service VC, and you don't have a couple of portfolio companies in this space.

That's either a continuation of the lemming effect or wisdom, depending on the returns in a couple of years. Let me just add on that too. I think what is so exciting is that each of the asset classes are being mobilized to solve these problems. It starts with the venture capital community, and it's very exciting what's happening right here. Then, you start looking at Wall Street and you see Citicorp saying \$50 billion they're going to be putting towards clean energy. Goldman Sachs. Goldman Sachs who has been an incredible investor in this sector. So all of the large investment banks are investing. They're talking about it. I'm surprised I haven't mentioned this before but energy efficiency is a huge opportunity, and that's an area that has been underserved, underinvested.

It is not quite as sexy as the next fuel cell or solar, but it is right here. Right now, green buildings can be retrofitted, and there needs to be so much more emphasis put on energy efficiency because it's right here, and it's not a trade-off of dollars. Those are dollars that will be returned immediately given the savings on the energy side.